



National State Auditors Association

October 9, 2009

Glen B. Gainer III
West Virginia State Auditor and
Chief Inspector
Building 1, Room W-420
Charleston, West Virginia 25305

Dear Auditor Gainer

We have reviewed the system of quality control of the Office of the State Auditor Chief Inspector Division (the office) in effect for the period September 1, 2008, to August 31, 2009. A system of quality control encompasses the office's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with government auditing standards. The design of the system and compliance with it are the responsibility of the office. Our responsibility is to express an opinion on the design of the system, and the office's compliance with the system based on our review.

We conducted our review in accordance with the policies and procedures for external peer reviews established by the National State Auditors Association (NSAA). In performing our review, we obtained an understanding of the office's system of quality control for engagements conducted in accordance with government auditing standards. In addition, we tested compliance with the office's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the office's policies and procedures on selected engagements. The engagements selected represented a reasonable cross-section of the office's engagements conducted in accordance with government auditing standards. We believe that the procedures we performed provide a reasonable basis for our opinion.

Our review was based on selective tests; therefore it would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it. Also, there are inherent limitations in the effectiveness of any system of quality control; therefore, noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control of Office of the State Auditor Chief Inspector Division in effect for the period September 1, 2008, to August 31, 2009, has been suitably designed and was complied with during the period to provide reasonable assurance of conforming with government auditing standards.

As is customary in a peer review, we have issued a letter under this date that sets forth comments that were not considered to be of sufficient significance to affect the opinion expressed in this report.

Donna Cullen, Team Leader
National State Auditors Association
External Peer Review Team

Alicia Boyd, Concurring Reviewer
National State Auditors Association
External Peer Review Team



National State Auditors Association

October 9, 2009

Glen B. Gainer III
West Virginia State Auditor and
Chief Inspector
Building 1, Room W-420
Charleston, West Virginia 25305

Dear Auditor Gainer

We have reviewed the system of quality control of the Office of the State Auditor Chief Inspector Division (state audit organization) in effect for the period September 1, 2008, to August 31, 2009, and have issued our report thereon dated October 9, 2009. That report should be read in conjunction with the comments in this letter, which were considered in determining our opinion. The matters described below were not considered to be of sufficient significance to affect the opinion expressed in that report.

Finding – AICPA risk assessment standards have been implemented by the state audit organization. However, the audit documentation does not clearly document the consideration of risk at the relevant assertion level.

Recommendation – We recommend the state audit organization review and modify its procedures related to the risk assessment standards so that the consideration of risk assessment is clearly documented at the relevant assertion level.

Response – We will institute the necessary action to ensure our office strengthens procedures related to the risk assessment standards.

Finding – AICPA standards require that component units be aggregated into one opinion unit and that proper procedures be applied when relying on the work of other auditors. The state audit organization did not aggregate discretely presented component units when rendering an opinion on the financial statements and did not consistently include a reference to other auditors in the scope paragraph. Additionally, the state audit organization did not consistently apply procedures to ensure the reports of component units, on which they were relying, were adequate.

Recommendation – We recommend the state audit organization review its internal quality control process to ensure reporting inconsistencies related to component units are eliminated.

Response – We will enhance our quality control system as it relates to reporting to ensure reporting inconsistencies are properly addressed.

Donna Cullen, Team Leader
National State Auditors Association
External Peer Review Team

Alicia Boyd, Concurring Reviewer
National State Auditors Association
External Peer Review Team